

General Assembly

Raised Bill No. 259

February Session, 2008

LCO No. 1584

*01584

Referred to Committee on Select Committee on Veterans' Affairs

Introduced by: (VA)

AN ACT CONCERNING A STATE SET-ASIDE PROGRAM FOR DISABLED VETERANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. Section 4a-60g of the 2008 supplement to the general
- 2 statutes is repealed and the following is substituted in lieu thereof
- (*Effective July 1, 2008*):
- 4 (a) As used in this section and sections 4a-60h to 4a-60j, inclusive, as 5
 - <u>amended by this act</u>, the following terms have the following meanings:
- 6 (1)"Small contractor" means any contractor, subcontractor,
- 7 manufacturer or service company (A) that has been doing business
- 8 under the same ownership or management and has maintained its
- 9 principal place of business in the state, for a period of at least one year
- 10 immediately prior to the date of application for certification under this 11
- section, (B) that had gross revenues not exceeding fifteen million 12
- dollars in the most recently completed fiscal year prior to such 13 application, and (C) at least fifty-one per cent of the ownership of
- 14 which is held by a person or persons who exercise operational
- 15 authority over the daily affairs of the business and have the power to

- direct the management and policies and receive the beneficial interests of the business, except that a nonprofit corporation shall be construed to be a small contractor if such nonprofit corporation meets the requirements of subparagraphs (A) and (B) of this subdivision. "Small contractor" does not include a certified or precertified disabled veteran contractor.
 - (2) "State agency" means each state board, commission, department, office, institution, council or other agency with the power to contract for goods or services itself or through its head.
 - (3) "Minority business enterprise" means any small contractor (A) fifty-one per cent or more of the capital stock, if any, or assets of which are owned by a person or persons (i) who exercise operational authority over the daily affairs of the enterprise, (ii) who have the power to direct the management and policies and receive the beneficial interest of the enterprise, and (iii) who are members of a minority, as [such term] is defined in subsection (a) of section 32-9n, (B) who is an individual with a disability, or (C) which is a nonprofit corporation in which fifty-one per cent or more of the persons who (i) exercise operational authority over the enterprise, and (ii) have the power to direct the management and policies of the enterprise are members of a minority, as defined in [this] subsection (a) of section 32-9n, or are individuals with a disability. "Minority business enterprise" does not include a certified or precertified disabled veteran contractor.
 - (4) "Affiliated" means the relationship in which a person directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another person.
 - (5) "Control" means the power to direct or cause the direction of the management and policies of any person, whether through the ownership of voting securities, by contract or through any other direct or indirect means. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, twenty per cent or more of any voting

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- 48 securities of another person.
- 49 (6) "Person" means any individual, corporation, limited liability 50 company, partnership, association, joint stock company, business trust, 51 unincorporated organization or other entity.
- 52 (7) "Individual with a disability" means an individual (A) having a 53 physical or mental impairment that substantially limits one or more of 54 the major life activities of the individual, or (B) having a record of such 55 an impairment.
- 56 (8) "Nonprofit corporation" means a nonprofit corporation 57 incorporated pursuant to chapter 602 or any predecessor statutes 58 thereto.
- (9) "Veteran with a disability" means any person who (A) served in the armed forces, as defined in section 27-103, and has a service-connected disability rated as ten per cent or more by the Veterans' Administration, which disability was incurred or aggravated in the line of duty while on active duty with one of the armed forces, and (B) was discharged or released from such service under conditions other than dishonorable.
 - (10) "Disabled veteran contractor" means any contractor, subcontractor, manufacturer or service company (A) which has been doing business under the same ownership and management and has maintained its principal place of business in the state for a period of at least one year immediately prior to the date of application for certification under this section, and (B) at least fifty-one per cent of the ownership of which is held by a veteran with a disability or veterans with a disability who exercise operational authority over the daily affairs of the business and have the power to direct the management and policies and receive the beneficial interests of the business.
- 76 (b) (1) It is found and determined that there is a serious need to help 77 small contractors, minority business enterprises, nonprofit

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organizations and individuals with disabilities <u>and disabled veteran</u> <u>contractors</u> to be considered for and awarded state contracts for the construction, reconstruction or rehabilitation of public buildings, the construction and maintenance of highways and the purchase of goods and services. Accordingly, the necessity, in the public interest and for the public benefit and good, of the provisions of this section, sections 4a-60h to 4a-60j, inclusive, <u>as amended by this act</u>, and sections 32-9i to 32-9p, inclusive, is declared as a matter of legislative determination.

(2) Notwithstanding any provisions of the general statutes [to the contrary,] and except as set forth [herein] in this section, the head of each state agency and each political subdivision of the state other than a municipality shall set aside in each fiscal year, for award to small contractors, on the basis of competitive bidding procedures, contracts or portions of contracts for the construction, reconstruction or rehabilitation of public buildings, the construction and maintenance of highways and the purchase of goods and services. Eligibility of nonprofit corporations under the provisions of this section shall be limited to predevelopment contracts awarded by the Commissioner of Economic and Community Development for housing projects. The total value of such contracts or portions thereof to be set aside by each such agency shall be at least twenty-five per cent of the total value of all contracts let by the head of such agency in each fiscal year, provided [that] neither: [(1)] (A) A contract that may not be set aside due to a conflict with a federal law or regulation; or [(2)] (B) a contract for any goods or services which have been determined by the Commissioner of Administrative Services to be not customarily available from or supplied by small contractors shall be included. Contracts or portions thereof having a value of not less than twenty-five per cent of the total value of all contracts or portions thereof to be set aside shall be reserved for awards to minority business enterprises.

(3) Notwithstanding any provisions of the general statutes, and except as set forth in this section, the head of each state agency and

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- (c) The head of any state agency or political subdivision of the state other than a municipality may, in lieu of setting aside any contract or portions thereof, require any general or trade contractor or any other entity authorized by such agency to award contracts [,] to set aside a portion of any contract for subcontractors who are eligible for set-aside contracts under this section. Nothing in this subsection shall be construed to diminish the total value of contracts which are required to be set aside by any state agency or political subdivision of the state other than a municipality pursuant to this section.
- (d) The [heads of all state agencies] head of each state agency and of each political subdivision of the state other than a municipality shall notify the Commissioner of Administrative Services of all contracts to

awards to disabled veteran contractors.

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be set aside pursuant to subsection (b) or (c) of this section at the time that bid documents for such contracts are made available to potential contractors.

- (e) The awarding authority shall require that a contractor or subcontractor awarded a contract or a portion of a contract under this section perform not less than fifteen per cent of the work with the workforces of such contractor or subcontractor and shall require that not less than twenty-five per cent of the work be performed by contractors or subcontractors eligible for awards under this section. A contractor awarded a contract or a portion of a contract under this section shall not subcontract with any person with whom the contractor is affiliated. No person who is affiliated with another person shall be eligible for awards under this section if both affiliated persons considered together would not qualify as a small contractor, [or a] minority business enterprise or disabled veteran contractor under subsection (a) of this section. The awarding authority shall require that a contractor awarded a contract pursuant to this section submit, in writing, an explanation of any subcontract to such contract that is entered into with any person that is not eligible for the award of a contract pursuant to this section, prior to the performance of any work pursuant to such subcontract.
- (f) The awarding authority may require that a contractor or subcontractor awarded a contract or a portion of a contract under this section furnish the following documentation: (1) A copy of the certificate of incorporation, certificate of limited partnership, partnership agreement or other organizational documents of the contractor or subcontractor; (2) a copy of federal income tax returns filed by the contractor or subcontractor for the previous year; and (3) evidence of payment of fair market value for the purchase or lease by the contractor or subcontractor of property or equipment from another contractor who is not eligible for set-aside contracts under this section.
- 175 (g) The awarding authority or the Commissioner of Administrative

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- Services or the Commission on Human Rights and Opportunities may conduct an audit of the financial, corporate and business records and conduct an investigation of any small contractor, [or] minority business enterprise or a disabled veteran contractor which applies for or is awarded a set-aside contract for the purpose of determining eligibility for awards or compliance with the requirements established under this section.
 - (h) The provisions of this section shall not apply to any state agency or political subdivision of the state other than a municipality for which the total value of all contracts or portions of contracts of the types enumerated in subsection (b) of this section is anticipated to be equal to ten thousand dollars or less.
 - (i) In lieu of a performance, bid, labor and materials or other required bond, a contractor or subcontractor awarded a contract under this section may provide to the awarding authority, and the awarding authority shall accept a letter of credit. Any such letter of credit shall be in an amount equal to ten per cent of the contract for any contract that is less than one hundred thousand dollars and in an amount equal to twenty-five per cent of the contract for any contract that exceeds one hundred thousand dollars.
 - (j) (1) Whenever the awarding authority has reason to believe that any contractor or subcontractor awarded a set-aside contract has wilfully violated any provision of this section, the awarding authority shall send a notice to such contractor or subcontractor by certified mail, return receipt requested. Such notice shall include: (A) A reference to the provision alleged to be violated; (B) a short and plain statement of the matter asserted; (C) the maximum civil penalty that may be imposed for such violation; and (D) the time and place for [the] a hearing on the violation asserted. Such hearing shall be fixed for a date not earlier than fourteen days after the notice is mailed. The awarding authority shall send a copy of such notice to the Commission on Human Rights and Opportunities.

(2) The awarding authority shall hold a hearing on the violation asserted unless such contractor or subcontractor fails to appear. The hearing shall be held in accordance with the provisions of chapter 54. If, after the hearing, the awarding authority finds that the contractor or subcontractor has wilfully violated any provision of this section, the awarding authority shall suspend all set-aside contract payments to the contractor or subcontractor and may, in its discretion, order that a civil penalty not exceeding ten thousand dollars per violation be imposed on the contractor or subcontractor. If such contractor or subcontractor fails to appear for the hearing, the awarding authority may, as the facts require, order that a civil penalty not exceeding ten thousand dollars per violation be imposed on the contractor or subcontractor. The awarding authority shall send a copy of any order issued pursuant to this subsection by certified mail, return receipt requested, to the contractor or subcontractor named in such order. The awarding authority may cause proceedings to be instituted by the Attorney General for the enforcement of any order imposing a civil penalty issued under this subsection.

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- (k) On or before January 1, 2000, the Commissioner of Administrative Services shall establish a process for certification of small contractors and minority business enterprises as eligible for set-aside contracts, and, on or before January 1, 2009, the commissioner shall establish a process for certification of disabled veteran contractors as eligible for set-aside contracts. Each certification shall be valid for a period not to exceed two years. Any paper application for certification shall be no longer than six pages. The Department of Administrative Services shall maintain on its web site an updated directory of (1) small contractors and minority business enterprises certified under this section, and (2) disabled veteran contractors certified under this section.
- (l) On or before August 30, 2007, and annually thereafter, each state agency and each political subdivision of the state other than a municipality setting aside contracts or portions of contracts shall

241 prepare a report establishing small and minority business set-aside 242 program goals for the twelve-month period beginning July first in the 243 same year, and, on or before August 1, 2009, each such agency and 244 political subdivision shall prepare a report establishing disabled 245 veteran contractor set-aside program goals for the twelve-month 246 period beginning July first in the same year. Each such report shall be 247 submitted to the Commissioner of Administrative Services, the 248 Commission on Human Rights and Opportunities and 249 cochairpersons and ranking members of the joint standing committees 250 of the General Assembly having cognizance of matters relating to 251 planning and development and government administration and 252 elections.

(m) On or before November 1, 1995, and quarterly thereafter, each state agency and each political subdivision of the state other than a municipality setting aside contracts or portions of contracts shall prepare a status report on the implementation and results of its small business and minority business enterprise set-aside program goals during the three-month period ending one month before the due date for the report. On or before November 1, 2009, and quarterly thereafter, each state agency and each political subdivision of the state, other than a municipality, setting aside contracts or portions of contracts shall prepare a status report on the implementation and results of its disabled veterans contractor set-aside program goals during the three-month period ending one month before the due date for the report. Each report shall be submitted to the Commissioner of Administrative Services and the Commission on Human Rights and Opportunities. Any state agency or political subdivision of the state, other than a municipality, that achieves less than fifty per cent of its small contractor and minority business enterprise set-aside program goals by the end of the second reporting period in any twelve-month period beginning on July first shall provide a written explanation to the Commissioner of Administrative Services and the Commission on Human Rights and Opportunities detailing how the agency or political subdivision will achieve its goals in the final reporting period. The

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Commission on Human Rights and Opportunities shall: (1) Monitor the achievement of the annual goals established by each state agency and political subdivision of the state other than a municipality; and (2) prepare a quarterly report concerning such goal achievement. The report shall be submitted to each state agency that submitted a report, the Commissioner of Economic and Community Development, the Commissioner of Administrative Services and the cochairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to planning and development and government administration and elections. Failure by any state agency or political subdivision of the state other than a municipality to submit any reports required by this section shall be a violation of section 46a-77.

(n) (1) On or before January 1, 2000, and annually thereafter, the Department of Administrative Services shall establish a precertification list of small contractors and minority business enterprises who have established a principal place of business in the state but have not maintained such place of business for one year and are not in the directory prepared pursuant to subsection (k) of this section. An awarding agency may select a small contractor or minority business enterprise from such precertification list only after such awarding agency makes a good faith effort to find an eligible small contractor or minority business enterprise in the directory and determines that no small contractor or minority business enterprise is qualified to perform the work required under the contract.

(2) On or before January 1, 2009, and annually thereafter, the Department of Administrative Services shall establish a precertification list of disabled veteran contractors who have established a principal place of business in the state, but have not maintained such place of business for one year and are not in the directory prepared pursuant to subsection (k) of this section. An awarding agency may select a disabled veteran contractor from such precertification list only after such awarding agency makes a good faith effort to find an eligible

- 308 disabled veteran contractor in the directory and determines that no 309 disabled veteran is qualified to perform the work required under the
- 310 contract.
- 311 (o) Nothing in this section shall be construed to apply to the four 312 janitorial contracts awarded pursuant to subsections (b) to (e),
- 313 inclusive, of section 4a-82 of the 2008 supplement to the general
- 314 statutes.
- 315 Sec. 2. Subsection (a) of section 4a-57 of the general statutes is
- 316 repealed and the following is substituted in lieu thereof (Effective July
- 317 1, 2008):
- 318 (a) All purchases of, and contracts for, supplies, materials, 319 equipment and contractual services, except purchases and contracts 320 made pursuant to the provisions of subsection (b) of this section and 321 public utility services as provided in subsection (e) of this section shall 322 be based, when possible, on competitive bids or competitive 323 negotiation. The commissioner shall solicit competitive bids or 324 proposals by providing notice of the planned purchase in a form and 325 manner that the commissioner determines will maximize public 326 participation in the competitive bidding or competitive negotiation 327 process, including participation by small contractors and disabled 328 veteran contractors, as defined in section 4a-60g of the 2008 329 supplement to the general statutes, as amended by this act, and 330 promote competition. In the case of an expenditure which is estimated 331 to exceed fifty thousand dollars, such notice shall be inserted, at least 332 five calendar days before the final date of submitting bids or 333 proposals, in two or more publications, at least one of which shall be a 334 major daily newspaper published in the state and shall be posted on 335 the Internet. Each notice of a planned purchase under this subsection 336 shall indicate the type of goods and services to be purchased and the 337 estimated value of the contract award. The notice shall also contain a 338 notice of state contract requirements concerning nondiscrimination

and affirmative action pursuant to section 4a-60 and, when applicable,

requirements concerning the awarding of contracts to small contractors, minority business enterprises, individuals with a disability, disabled veteran contractors and nonprofit corporations pursuant to section 4a-60g of the 2008 supplement to the general statutes, as amended by this act. Each bid and proposal shall be kept sealed or secured until opened publicly at the time stated in the notice soliciting such bid or proposal.

- Sec. 3. Subsections (b) and (c) of section 4-60h of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2008*):
 - (b) The commissioner shall adopt regulations, in accordance with [the provisions of] chapter 54, to carry out the purposes of sections 4a-60g to 4a-60j, inclusive, of the 2008 supplement to the general statutes, as amended by this act. Such regulations shall include (1) provisions concerning the application of the program to individuals with a disability and veterans with a disability; (2) guidelines for a legally acceptable format for, and content of, letters of credit authorized under subsection (j) of section 4a-60g of the 2008 supplement to the general statutes, as amended by this act; (3) procedures for random site visits to the place of business of an applicant for certification at the time of application and at subsequent times, as necessary, to ensure the integrity of the application process; and (4) time limits for approval or disapproval of applications.
 - (c) On or before January 1, 1994, the Commissioner of Administrative Services shall, by regulations adopted in accordance with chapter 54, establish a process to ensure that small contractors, small businesses and minority business enterprises have fair access to all competitive contracts outside of the set-aside program. On or before January 1, 2009, the commissioner shall, by regulations adopted in accordance with chapter 54, establish a process to ensure that disabled veteran contractors have fair access to all competitive contracts outside of the set-aside program.

- Sec. 4. Section 4a-60j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2008*):
- A small contractor <u>or disabled veteran contractor</u> shall receive payment on a contract awarded to him <u>or her</u> under the provisions of sections 4a-60g to 4a-60i, inclusive, <u>of the 2008 supplement to the</u> general statutes, as amended by this act, no later than thirty days from the due date of any such payment on such contract.
- Sec. 5. Section 4a-61 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2008*):
- 381 (a) The Commissioner of Administrative Services, with the advice of 382 the Commissioner of Economic and Community Development, shall 383 adopt regulations, in accordance with chapter 54, establishing 384 procedures for the award of contracts concerning minority business 385 enterprises by the state or any political subdivision of the state other 386 than a municipality.
 - (b) The Commissioner of Administrative Services, with the advice of the Commissioner of Economic and Community Development, shall adopt regulations, in accordance with chapter 54, establishing procedures for the award of contracts concerning disabled veteran contractors by the state or any political subdivision of the state other than a municipality.
- Sec. 6. Section 4a-62 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2008*):
- (a) (1) There is established a Minority Business Enterprise Review Committee. The committee shall consist of two members of the House of Representatives appointed by the speaker of the House, two members of the House appointed by the minority leader of the House, two members of the Senate appointed by the president pro tempore of the Senate, and two members of the Senate appointed by the minority leader of the Senate. The committee shall conduct an ongoing study of

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contract awards, loans and bonds made or guaranteed by the state or any political subdivision of the state other than a municipality for the purpose of determining the extent of compliance with the provisions of the general statutes concerning contract awards, loans and bonds for minority business enterprises, including the set-aside program for such business enterprises.

[(b)] (2) The committee may request any agency of the state authorized to award public works contracts or to enter into purchase of goods or services contracts to submit such information on compliance with sections 4a-60 of the 2008 supplement to the general statutes and 4a-60g of the 2008 supplement to the general statutes, as amended by this act, and at such times as the committee may require. The committee shall consult with the Departments of Public Works, Transportation and Economic Development and the Commission on Human Rights and Opportunities concerning compliance with the state programs for minority business enterprises. The committee shall report annually on or before February first to the Joint [Standing] Committee on Legislative Management on the results of its ongoing study and include its recommendations, if any, for legislation.

(b) (1) There is established a Disabled Veteran Contractor Review Committee. The committee shall consist of two members of the House of Representatives, appointed by the speaker of the House; two members of the House; two members of the House; two members of the Senate, appointed by the president pro tempore of the Senate; and two members of the Senate, appointed by the minority leader of the Senate. The committee shall conduct an ongoing study of contract awards by the state or any political subdivision of the state, other than a municipality, for the purpose of determining the extent of compliance with the state setaside program established under section 4a-60g of the 2008 supplement to the general statutes, as amended by this act, concerning contract awards for disabled veteran contractors.

434 (2) The committee may request any agency of the state authorized to 435 award public works contracts or to enter into purchase of goods or 436 services contracts to submit such information in compliance with 437 section 4a-60g of the 2008 supplement to the general statutes, as 438 amended by this act, and at such times as the committee may require. 439 The committee shall consult with the Department of Administrative 440 Services concerning compliance with the state set-aside program with respect to disabled veteran contractors. The committee shall report 441 annually on or before February first to the Joint Committee on 442 Legislative Management on the results of its ongoing study and 443 444 include its recommendations, if any, for legislation.

This act shall take effect as follows and shall amend the following		
sections:		
Section 1	July 1, 2008	4a-60g
Sec. 2	July 1, 2008	4a-57(a)
Sec. 3	July 1, 2008	4-60h(b) and (c)
Sec. 4	July 1, 2008	4a-60j
Sec. 5	July 1, 2008	4a-61
Sec. 6	July 1, 2008	4a-62

Statement of Purpose:

To provide a set-aside program for disabled veterans.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]